

Testimony
PSC Chair Greg Jergeson
In opposition to
House Bill 343
March 17, 2009

Chairman Black and members of the Committee:

The PSC has voted four to one to oppose HB 343, as written, because it is likely to complicate the Commission's administration of the Renewable Portfolio Standard (RPS). The reasons for the Commission's opposition are as follows:

- Sections 1 and 2 of the bill tilt the playing field in an unfair manner. Without giving any other entity an opportunity to compete, a utility may choose to build a single plant that fulfills the entire community renewable energy project requirement. No one else need apply. First, section 1, page 2, line 3, allows a utility to count a utility-owned 75 MW plant as a community resource, but any competing project would be limited to 5 MW under existing law or to 25 MW if HB 207 is signed by the Governor. The utility would enjoy the benefits of economies of size and scale that are denied to others. Second, section 2, page 4, lines 11-12, eliminates any requirement that a utility-owned resource compete in a renewable energy solicitation and allows a utility to favor its project over potentially less expensive alternatives. Ratepayers may end up paying more than necessary for community projects.
- The bill also contains unnecessary complications. Section 1 of the bill changes the definition of "ancillary services" and defines "balancing authority," "dispatch ability," "geographic diversity" "nonspinning reserve," "seasonality" and "spinning reserve." Section 2, page 4, lines 17-18, creates confusion and favors some technologies over others. This bill is anti-wind, solar, and small hydroelectric generation in that these are not dispatchable and generally may not be counted as either nonspinning or spinning reserve. These provisions are not necessary because all of these matters are considered in evaluating the energy purchases against the cost caps contained in 69-3-2007.

For these reasons, the PSC recommends that you give HB 343 a do not pass.